



Trans-China Automotive Holdings Limited

#3002, 30th Floor, 88 Hing Fat Street, Causeway Bay, Hong Kong

(Company Registration Number: 306871)

(Incorporated in the Cayman Islands on 18 December 2015)

FOR IMMEDIATE RELEASE

TCA proposes first time dividend after achieving record sales and earnings in FY2021

- *FY2021 NPAT rises 12.8% to RMB124.0 million on the back of overall 7.2% revenue growth to RMB4,515.7 million*
- *FY2021 normalised operating earnings expands by 61.6% or RMB50.7 million from prior year*
- *Clinches new dealership for Genesis with dealership in Guangzhou expected to open by June 2022*
- *New BMW Service Centre to open in Shenzhen by June 2022*
- *Proposes final dividend of RMB0.0257 per ordinary share representing 12.1% of earnings payout ratio for FY2021*

Financial Highlights (RMB Million)	12 months ended 31 Dec		
	FY2021	FY2020	Change (%)
Revenue from Sales of Automobiles	3,972.2	3,704.0	7.2
Revenue from Provision of After-Sales Services	543.5	510.0	6.6
Total Revenue	4,515.7	4,214.0	7.2
Gross Profit	371.6	316.1	17.5
Gross Profit Margin (%)	8.2	7.5	0.7% pt
Net Profit After Tax ("NPAT")	124.0	109.9	12.8

Please refer to TCA's full year result announcement on SGXNET dated 28 February 2022 for more details

SINGAPORE, 28 February 2022 – Newly-listed **Trans-China Automotive Holdings Limited (耀驿汽车集团)** ("TCA" or the "**Company**", and together with its subsidiaries, the "**Group**"), which made its debut on the Catalist board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in November 2021, has achieved record revenue and profit for the financial year ended 31 December 2021 ("**FY2021**") with both revenue and net profit after tax ("**NPAT**") reaching an all-time high.

The leading automobile dealership group, which focuses on the distribution of premium and ultra-premium automobiles under the BMW and McLaren brands in the People's Republic of China



(“**PRC**”), reported a 12.8% year-on-year (“**y-o-y**”) expansion in NPAT to RMB124.0 million in FY2021 from RMB109.9 million for the previous financial year ended 31 December 2020 (“**FY2020**”). Despite listing expenses incurred from the listing of the Company in FY2021, the Company recorded higher NPAT in FY2021 compared to FY2020. On normalised operating earningsⁱ basis, earnings growth y-o-y was 61.6% or RMB 50.7 million. Normalised operating earnings exclude the effects of reversal of impairment provision on property, plant and equipment of RMB 29.7 million in FY2020 and listing expenses of RMB 2.1 million and RMB 9.0 million in FY2020 and FY2021 respectively.

The improved earnings were on the back of revenue growth of 7.2% over the same period to RMB 4,515.7 million due to higher revenue contribution from both the Group’s Sales of Automobiles and Provision of After-Sales Services segments.

The first half of FY2020 was impacted by the COVID-19 pandemic outbreak which led to dealership closures during February to April 2020. As the pandemic crisis abated, the Group’s revenue rebounded in the second half of FY2020, and contributed 56.5% of total revenue in FY2020. During FY2021, the Group’s revenue in the second half of FY2021 contributed 45.5% of total revenue in FY2021 despite some supply disruptions. There were no COVID-19 related shutdowns in FY2021.

Segmental Review

During the year under review, the Group benefitted from the steady growth in China’s passenger vehicle market, which expanded 4.7% to 20.1 million units, of which the premium segment increased 4.0% to 2.6 million unitsⁱⁱ Chinese market sales for TCA’s core brand, BMW, rose 8.3% to 821,000 units in 2021 making BMW the market leader in the premium sectorⁱⁱⁱ.

Backed by robust market demand, TCA’s revenue from automobile sales increased by 7.2% y-o-y to RMB3,972.2 million due to higher unit sales of 10,809 automobile units in FY2021 (FY2020: 10,152 automobile units sold) and higher average sales price.

With higher units of new automobiles sold, TCA’s revenue from the provision of after-sales services rose in tandem to RMB543.5 million in FY2021 from RMB510.0 million in FY2020 as new unit sales added to the customer base for after-sales services.

Overall gross profit margin (“**GPM**”) rose to 8.2% in FY2021 (FY2020: 7.5%) mainly because of improved GPM from its automobile sales segment, which recorded a 1.0 percentage point y-o-y uptick to 3.9% as a result of enhanced inventory management and strong demand for premium cars. The Group continued to enjoy GPM of 40.1% in FY2021 from the provision of after-sales services, a slight decrease from the 40.9% achieved in FY2020 due to a higher proportion of lower valued repair orders.

With the higher number of automobiles sold, other income increased 14.9% y-o-y to RMB99.5 million due to higher commissions from financing, trade-in of pre-owned vehicles and fleet sales, partially offset by a decrease in insurance rebate.



Executive Chairman & Chief Executive Officer, Mr Francis Tjia (谢汉耀), said: *“FY2021 was an outstanding year for our Group. Not only did we accomplish the important milestone of becoming a public listed company, we achieved the best financial results in the history of the Company.*

“The performance of our automobile sales segment in FY2021 was driven by strong sales in the first half of the year. Although we experienced some supply disruptions towards the end of the second half of 2021, all our BMW dealerships still managed to record increases in new car sales, which attests to the strength of the brands we carry as well as our staff’s ability to convert customer interest into sales. If not for supply challenges, we would have ended the year on an even higher note.”

As at 31 December 2021, the Group remained in a strong financial position with cash and cash equivalents of RMB153.3 million (RMB105.8 million as at 31 December 2020).

As a result of consecutive years of strong profitability and to share the fruits of a good year with shareholders, the Company has proposed a dividend of RMB0.0257 per ordinary share, which represents 12.1% of an earnings payout ratio for FY2021, subject to approval at the upcoming Annual General Meeting.

Outlook

TCA is mindful of the evolving COVID-19 situation and the potential impact that a tightening of restrictions may have on its business. To safeguard its customers and staff, the Group has adhered to the safety measures required and recommended by the local authorities in the cities where it has operations. The outbreak of hostilities between Russia and Ukraine has brought new geopolitical and macro-economic risks. At this point in time, Management does not expect that these risks will have a material impact, if any, to its business as TCA’s markets and suppliers are far removed from the region.

With anticipated growth in the Chinese car market in 2022^{iv}, the Group looks to build on the success on past years with continued growth in BMW while anticipating improvement in business activity for McLaren because of future models changeover and easing of supply chain constraints.

With net proceeds of S\$16.3 million raised from its Initial Public Offering (“IPO”) in November 2021, TCA is poised to embark on its next stage of growth.

As disclosed at the time of its IPO, the Group plans to increase its business presence in the regions where it has existing operations through organic growth including setting up new dealerships and acquisition of existing dealerships in cities with affluent populations. It also intends to grow its dealership network to new regions by capitalising on new dealership opportunities made available by its automobile principals and to secure new dealerships for other premium and ultra-premium automobile brands by way of setting up new dealerships or acquiring existing dealerships.

In line with these plans, TCA has commenced construction of two projects. The first is a Genesis dealership in Guangzhou. TCA will operate the first and only Genesis dealership in Guangzhou, where the Group also has a BMW dealership. The second project is a new BMW Service Centre which will be located in a suburb adjacent to the Company's BMW dealership in Shenzhen. Both projects are expected to be operational by June 2022.

In February 2022, the Group terminated its existing agreement with Lotus distributor to sell Lotus automobiles that was part of super premium division. The Group had one Lotus showroom in Shenzhen.



Artist Rendering of TCA Guangzhou Genesis



Construction photo of TCA Guangzhou Genesis



Construction photo to TCA Guangzhou Genesis



Artist Rendering of TCA SZ BMW Service Centre



Mr Francis Tjia said: *“After reviewing our overall portfolio, we made a strategic decision to re-deploy our resources to other opportunities available to the Group. In the near-term, we are focused on the opening of our new Genesis showroom in Guangzhou and our new BMW Service Centre in Shenzhen as we believe they will contribute positively to our performance in the current financial year.*

“We are optimistic about the prospects of the Genesis brand as it is well-received in international markets and Genesis is allocating significant resources to launch this brand in China. At the same time, we have made it a high priority to seek further growth for the Company by considering new potential dealerships of BMW as well as other brands and will make the necessary announcements should there be concrete developments.”

TCA is on the lookout for potential collaborations with suitable partners through joint ventures or strategic alliances to expand its pre-owned automobile sales business and automobile-related services businesses. The Group may also expand and diversify into complementary businesses by broadening its business scope into related ventures that complement its existing business scope in the PRC should the right opportunities come along.

-- END --

About Trans-China Automotive Holdings Limited

Trans-China Automotive Holdings Limited (耀骋汽车集团) (“TCA” or the “Company”, and together with its subsidiaries, the **“Group”**), is a leading automobile dealership group with operations in the People’s Republic of China (**“PRC”**). Focused on the distribution of premium and ultra-premium automobiles under the BMW, McLaren, and Genesis brands, the Group’s dealerships are located in key cities in the PRC namely, Foshan, Shenzhen, Guangzhou, Chongqing, Changsha and Wuhan.

Its multiple business segments include the sale of new automobiles under its dealerships, sale of pre-owned automobiles that come from customer trade-ins, auction companies and other suppliers of used cars, provision of automobile agency services which are ancillary services such as automobile financing, insurance and car registration services, and provision of after-sales services which include repairs, maintenance and inspection of automobiles as well as the retailing of automobile parts and accessories.

Issued for and on behalf of Trans-China Automotive Holdings Limited

Contact information

Media August Consulting Tel: 65 6733 8873 Janice Ong, janiceong@august.com.sg Wrisney Tan, wrisneytan@august.com.sg	Investors Tel: 65 9633 9035 Lee Teong Sang, Teongsang.Lee@tca-auto.com
--	---



*This Press Release has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "**Sponsor**") for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this press release.*

This Press Release has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Press Release, including the correctness of any of the statements or opinions made, or reports contained in this Press Release.

The contact person for the Sponsor is Mr Leong Weng Tuck – Registered Professional, 6 Raffles Quay, #24-02 Singapore 048580, sponsor@rhtgoc.com.

Endnotes and Sources

ⁱ Reconciliation from Profit for the Year to Normalised Operating Earnings:

	FY2021 (RMB millions)	FY2020 (RMB millions)	Change (%)	Change (RMB millions)
NPAT	124.0	109.9	12.8	14.1
Adjusting for				
Reversal of provision on impairment on property, plant and equipment	-	(29.7)		
Listing expenses	9.0	2.1		
Normalized operating earnings	133.0	82.3	61.6	50.7

ⁱⁱ Source: China Passenger Car Association: <http://www.cpcauto.com/newslst.php?types=csjd&id=731>

ⁱⁱⁱ Source: Autohome: <https://www.autohome.com.cn/news/202201/1235399.html?pvareaid=3311315>

^{iv} Source: <https://www.reuters.com/markets/asia/china-auto-sales-hit-275-mln-2022-up-54-industry-body-2021-12-17/>